

Frequently Asked Questions about the New Plan:

What is the cost of the Rx card? Is it good for both years or do I have to renew it?

The drug card will cost up to \$30 per year. However, costs may be lowered as a result of competition between card sponsors. The card is good for both years until the full plan goes into effect in 2006. It will not have to be renewed and will remain valid until you specify otherwise.

Will this affect my VA or private insurance benefits?

No, this plan is available to everyone but totally, 100% voluntary. No one is going to require you to do anything. If you are happy with the coverage you are receiving right now—either from the VA or an employer or elsewhere—you can keep that coverage. But, you will have the option to enroll in a plan that will help you with your drug costs if you do not have any other type of insurance for your medication, or if you are unhappy with your current insurance.

What will prevent the drug companies from raising the prices of drugs to offset the discount?

The government will aggressively monitor the drug card sponsors to ensure that drug companies do not engage in bait and switch tactics on prices. Increased competition for the business of 40 million seniors and the intense scrutiny by the government will help keep prices in check. Seniors will have their choice of cards, and this plan will serve as a starting point for seniors who have no coverage now and for those with low incomes.

Will there be any choices of programs?

Beginning in 2006, you will be able to choose from various plans—HMOs, PPOs or traditional Medicare—whichever fits your needs the best. It is available to everyone, but totally optional to enroll. If you like the prescription drug coverage you currently have, you can choose to stay with your current plan. It is that simple.

What is the government doing to encourage companies to continue providing benefits to retirees?

As you know, exploding health care costs have forced some employers to drop health coverage for their retirees. Under the new law, employers will be given incentives to continue providing retirees their existing health care. In addition, employers will be allowed to fold the new features of Medicare into their retiree coverage – to encourage employers to continue offering retiree health insurance.

Additional Benefits for Low-Income Beneficiaries:

Seniors with incomes below \$12,372 for an individual and \$16,608 for a couple will:

- Receive immediate assistance through a \$600 annual subsidy to apply toward purchasing their medicines on the Medicare-endorsed prescription drug discount card.
- Pay no monthly premium, no deductible, and only \$2 for generic and preferred multiple source drugs and \$5 for brand name prescription drugs, with no coverage limit effective in 2006.